LUCAS COUNTY, OHIO BOARD OF COMMISSIONERS	**NUMBER: 10f**	**PAGE: 1 OF 4**
TITLE: RISK RETENTION FUND PROCEDURAL POLICY	**PERSONNEL ADMINISTRATIVE**	**RESOLUTION NO: 03-1759**
EFFECTIVE DATE: December 9, 2003	**TYPE: POLICY X PROCEDURE**	**SUPERSEDES: POLICY 10e PROCEDURE #**

The County Commissioners established a Risk Retention Insurance Fund by Resolution No. 89-56 dated January 19, 1989, pursuant to Revised Code 2744.08 and 2744.081.

The Board of County Commissioners is permitted to use public funds to secure insurance with respect to the Board, other participants, and their employees= potential liability in damages in civil actions for injury, death, or loss to persons or property allegedly caused by an act or omission in connection with a governmental or proprietary functions, and for the cost of administering a Loss Retention Fund. The insurance may be at the limits, for the circumstances, and subject to the terms and conditions, as determined by the Board. The Board of Lucas County Commissioners is also permitted to establish and maintain a joint self-insurance program to provide for the payment of judgments, settlement of claims, expense, loss, and damage that arises, or is claimed to have arisen, from an act or omission of the Board or other participants and any employee of a participant in connection with a governmental or proprietary function and to indemnify or hold harmless employees against such loss or damages. The Board has established and will reserve a partially self-insured and risk program with such funds deemed appropriate, whether or not it always procures policies of insurance.

Therefore, participants must share in the costs as well as the benefits. The following rules and requirements are hereby established to permit participation:

1. The Board will obtain insurance coverage with high self-insured retention resulting in a reduction of premiums. The amount saved because of the high self-insured retention will be retained in the Risk Retention Fund. This fund will pay any large liability which might be suffered by a participant as a result of an injury, death, or loss to persons or property allegedly caused by an act or omission of a participant or any of its employees in connection with a governmental or proprietary function. The Fund will also defend and indemnify the employees of participants to the extent required by law. By paying large losses from the Retention Fund, there will be a spread of risk equal to the overall

risk/reward relationship.

2. <u>The Board will allocate the costs of insurance and joint self-insurance programs among the participants on the basis of a relative exposure and loss experience.</u> As the <u>amount in the</u> Risk Retention <u>Fund increases</u>, a further <u>adjustment in the allocation of each participant=s costs will be made based upon</u> experience. When the fund reaches a pre-determined amount, <u>as set by the Board, each participants= allocation of costs</u> will be <u>based on past loss</u> experience.

3. If the <u>amount in the</u> fund <u>is</u> insufficient to cover reserves and losses, <u>the Board may</u> appropriate funds against <u>the</u> next year=s <u>allocation of costs</u>, which will then be based on past <u>loss</u> experience as a whole.

4. Effective January 1, 2003, the coverage for automobiles has changed and is as follows: Each participant is responsible for the first $500 of collision damage for automobiles 1998 and newer (private passenger vehicles and light trucks); and $1,000 for heavy trucks. Comprehensive coverage has changed and includes automobiles 1998 or newer with a $250 deductible for private passenger automobiles, light trucks, and specifically scheduled automobiles; and a $1,000 deductible for heavy trucks. There is no coverage for uninsured/underinsured motorists effective January 1, 2001.

4a. Effective January 1, 2003, our physical damage and comprehensive insurance coverages for the county=s fleet have been canceled. Charge backs, as outlined in paragraph 4, will stay the same. Our auto liability insurance effective, January 1, 2003, has been changed from 1st dollar liability to a $100,000 self-insured retention.

5. Separate <u>loss</u> experience records will be maintained for each participant which will effect future <u>allocation of costs</u>.

6. Basic coverages for general liability, errors and omissions, and law enforcement liability will be provided. The County=s Excess Liability Program has a total limit of $10,000,000 per occurrence. An aggregate limit of $10,000,000 applies to public officials errors and omissions. The policy offers broad coverage for general liability, automobile liability, and public officials errors and omissions. Effective January 1, 2003, Lucas County has accepted Terrorism Coverage on the excess policies. A self-insured retention of $500,000 per occurrence applies to general liability and public officials

liability errors and omissions. Charge backs to departments may result if incidents which may give rise to liability are not reported timely, or if complete reports are not obtained and provided when management is first aware of an incident, or if incidents are not investigated. Potential loss notices (Incident Report) must be given whenever known by any county employee. At that point, an investigation file will be initiated and no costs will be incurred by the department involved. Defense costs will be considered as appropriate charges to the loss fund.

6a. The listed entities (see Exhibit 1) are participants in the Board=s insurance and joint self-insurance program to the extent permitted by law. As of January 1, 1997, Lucas County=s Board of Mental Retardation is only covered under the property policy. The Board of Mental Retardation has added the Commissioners as an additional insured under all of their policies. Coverage is not limited to these entities, but extends to commissions, boards, districts, and authorities which operate under the supervision and control of the county to the extent permitted and/or required by law. (See attached Risk Retention Policy Addendum page.) Also covered are past or present employees, elected or appointed officials, and authorized volunteers, while acting within the scope of their duties.

6b. It is the intention that this fund cover AAll Risk@ property coverage or ARisk of Loss@ of $5,000 or more, with exceptions outlined in insurance policies. This section does not modify each participant=s duty to defend and indemnify its employees, pursuant to Section 2744.07 of the Ohio Revised Code.

6c. It may be difficult sometimes to determine whether a loss would normally be covered by insurance. We intend to use past insurance policy provisions as a guide for charges to the self-insured fund. The loss fund cannot absorb all unforeseen losses. Only those losses that would normally be covered or defended under insurance policies if we did not have a deductible or self-insured retention will be covered. Decisions concerning covered losses will be made only after discussion with the Commissioners and those affected, with the Commissioners making the final decision. This section does not modify each participant=s duty to defend and indemnify its employees, pursuant to Section 2744.07 of the Ohio Revised Code.

7. The first $5,000 of fire loss, and the first $1,000 of loss due to windstorm and

extended coverage shall be absorbed by each participant.

8. All present County Employees (except those specifically mandated by statute either elected or appointed) are bonded for public employee dishonesty and faithful performance of duty. Effective December 31, 2002, limits have been increased to $3,000,000 in the aggregate with a $5,000 deductible. Effective December 31, 1999, we added coverage to this bond for Theft of Money & Securities. The limit for Theft of Money & Securities was increased to $1,000,000 on December 31, 2002, with a $500 deductible. Lucas County funds covered under our Faithful Performance Employee=s Bond, including mysterious disappearance, will be covered through this Retention Fund and fully reimbursed in the amount up to the deductible (presently $5,000), if it is determined that only employees had the ability to cause the disappearance. Premiums will be paid through the Risk Retention Fund.

9. Lucas County Commissioners have completed an administrative letter in support of the use of this fund mechanism to demonstrate financial responsibility for taking corrective action and compensating third parties for bodily injury and property damage caused by accidental releases in the amount of at least $55,000 per occurrence and $275,000 annual aggregate arising from operating (a/an) underground storage tank(s).

10. All administrative, legal, claims handling, safety engineering, loss prevention, and risk management costs will be charged to this fund as they pertain to 1989 and future claims. Expenses applying to claims earlier than 1989 will be charged to the correct department and not paid through this Risk Retention Fund. Cost of insurance and losses from self-insured loss assumption will be charged against this fund for 1989 and thereafter.

11. Estimated billings <u>for each participant=s allocation of costs</u> will be made each year to all <u>participants</u>. Final <u>allocation of</u> costs with corrections or additions will be made before year end.

12. This policy is established as a guideline. Rules and regulations may change. Notification of any change will be issued at least yearly. Under no circumstances will funds be transferred out of the fund to be used for purposes other than as established herein.

13. If it becomes necessary to dissolve the fund, the remaining funds will be shared pro-rata according to each participant=s contribution and each participant=s share of losses sustained by the fund, i.e., billings less claims experience.

14. <u>In a financial emergency declared by the Commissioners, funds will be distributed as they direct.</u>

15. <u>Risk Retention Policy Guidelines for Affiliated Agencies (see attached Exhibit 2).</u>

APPROVED BY:	DATE: